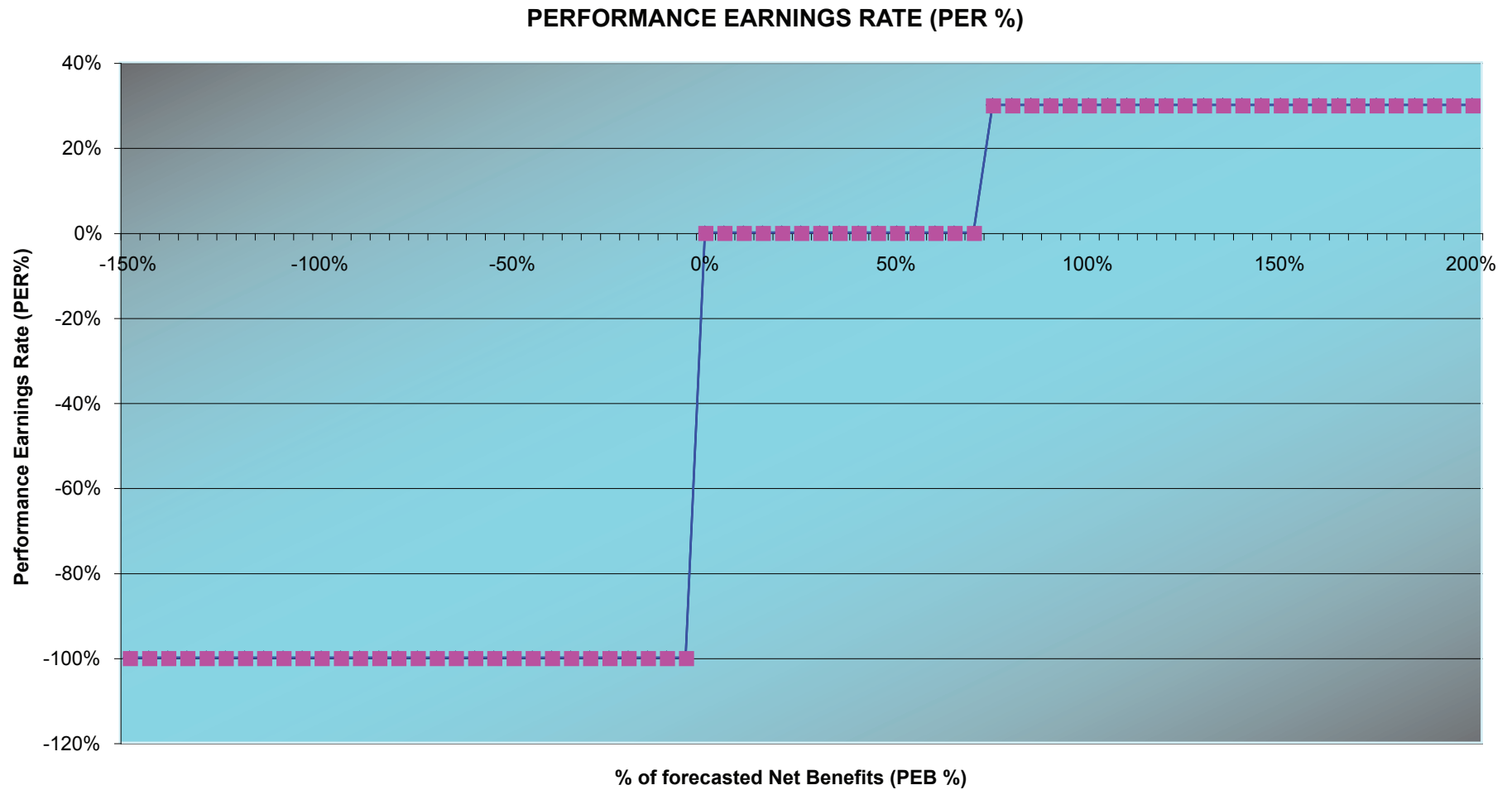
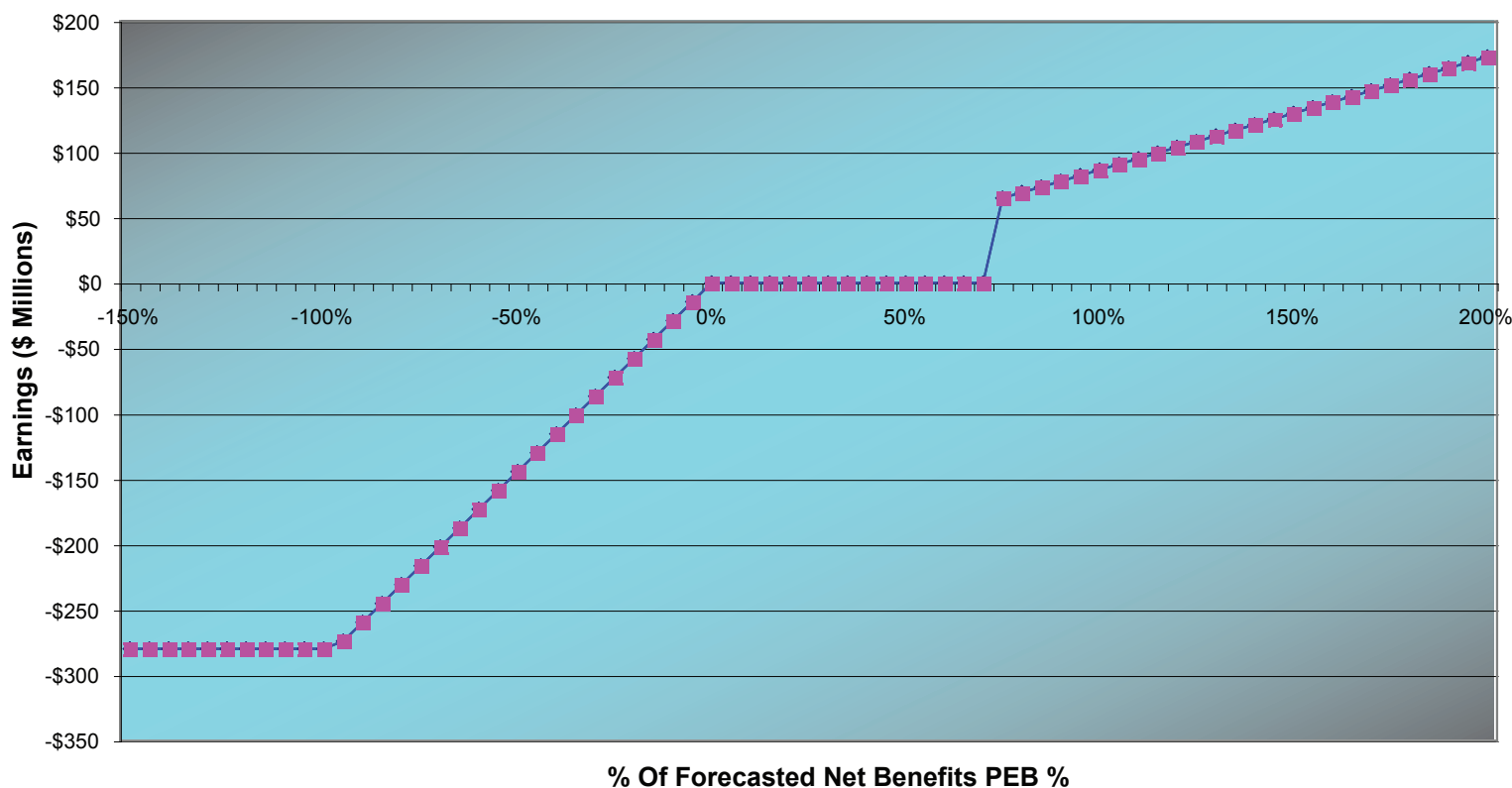


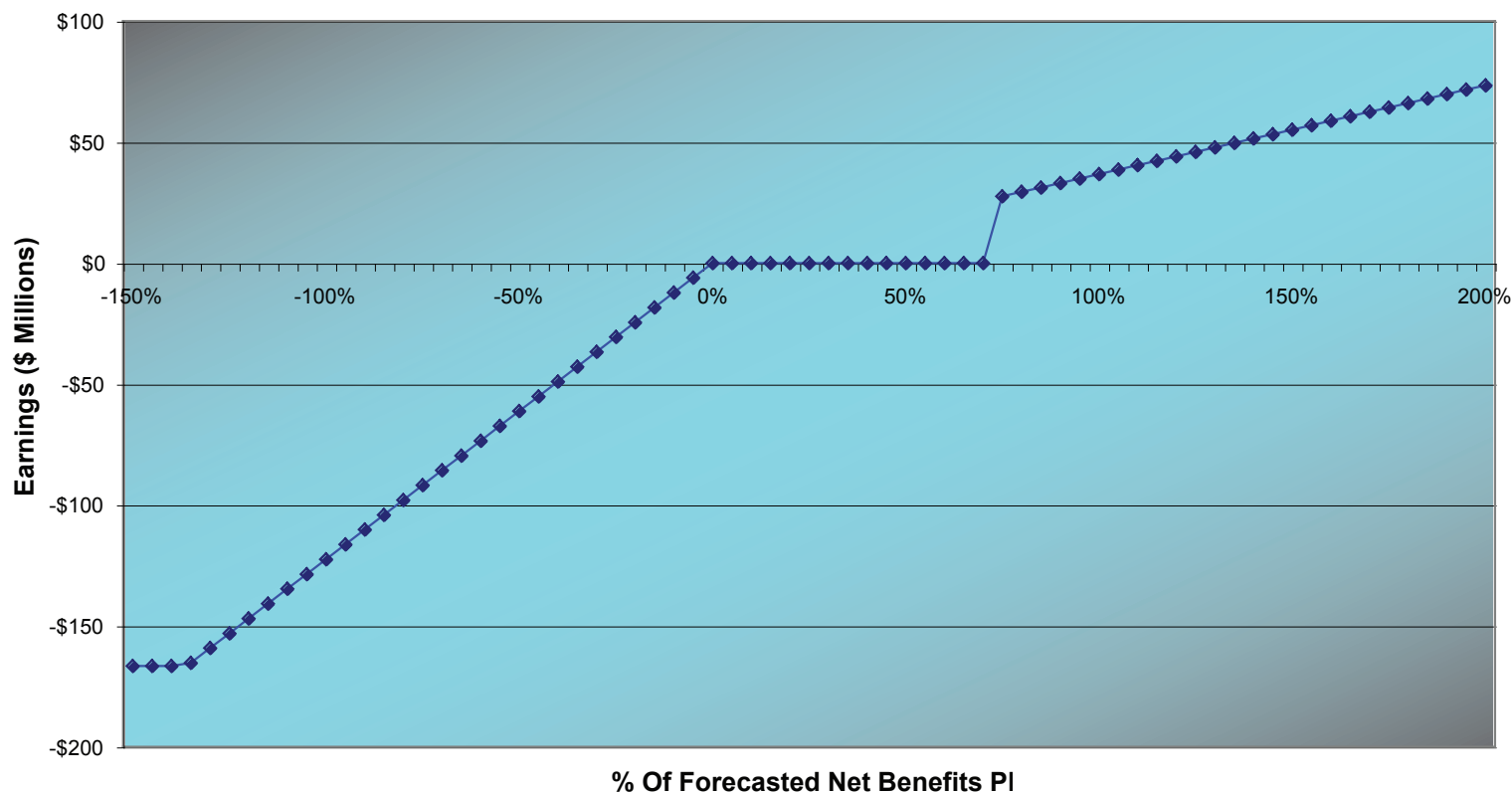
SDG&E/SCG RECOMMENDED SHAREHOLDER INCENTIVE MECHANISM GENERIC PORTFOLIO



RECOMMENDED SHAREHOLDER INCENTIVE MECHANISM APPLIED TO SDG&E PORTFOLIO - CPUC PEB GOALS



RECOMMENDED SHAREHOLDER INCENTIVE MECHANISM APPLIED TO SCG PORTFOLIO - CPUC PEB GOALS



PG&E 2006-08 POTENTIAL EARNINGS AND PENALTY

Figure 1-A Shared-Savings Mechanism

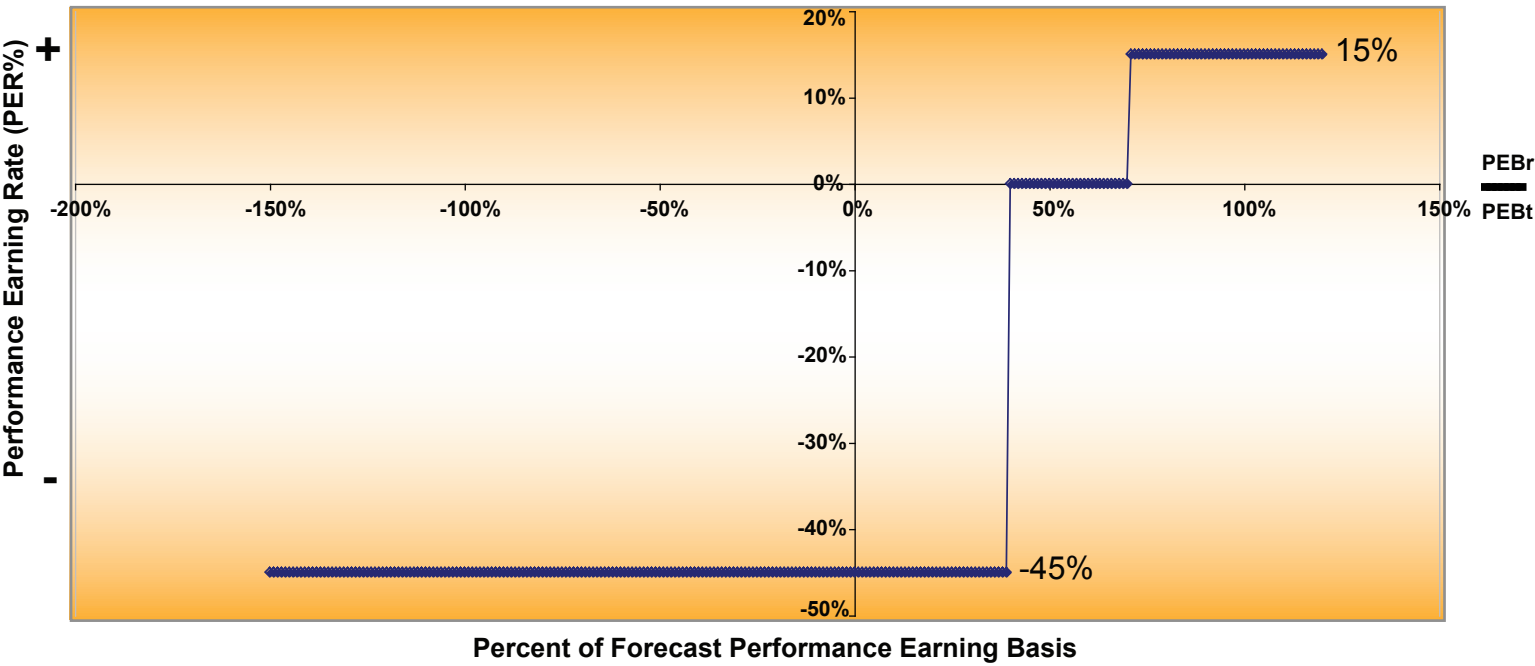
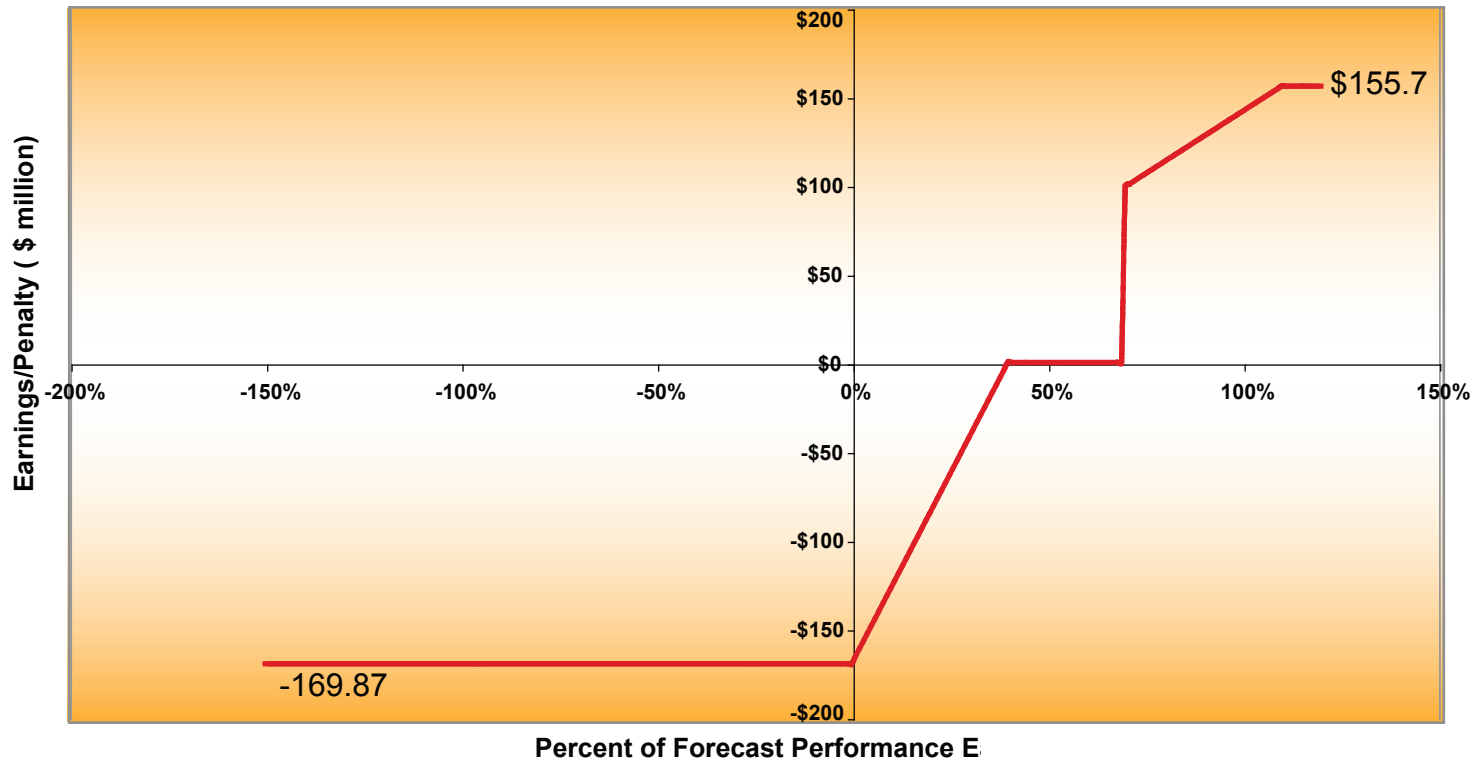
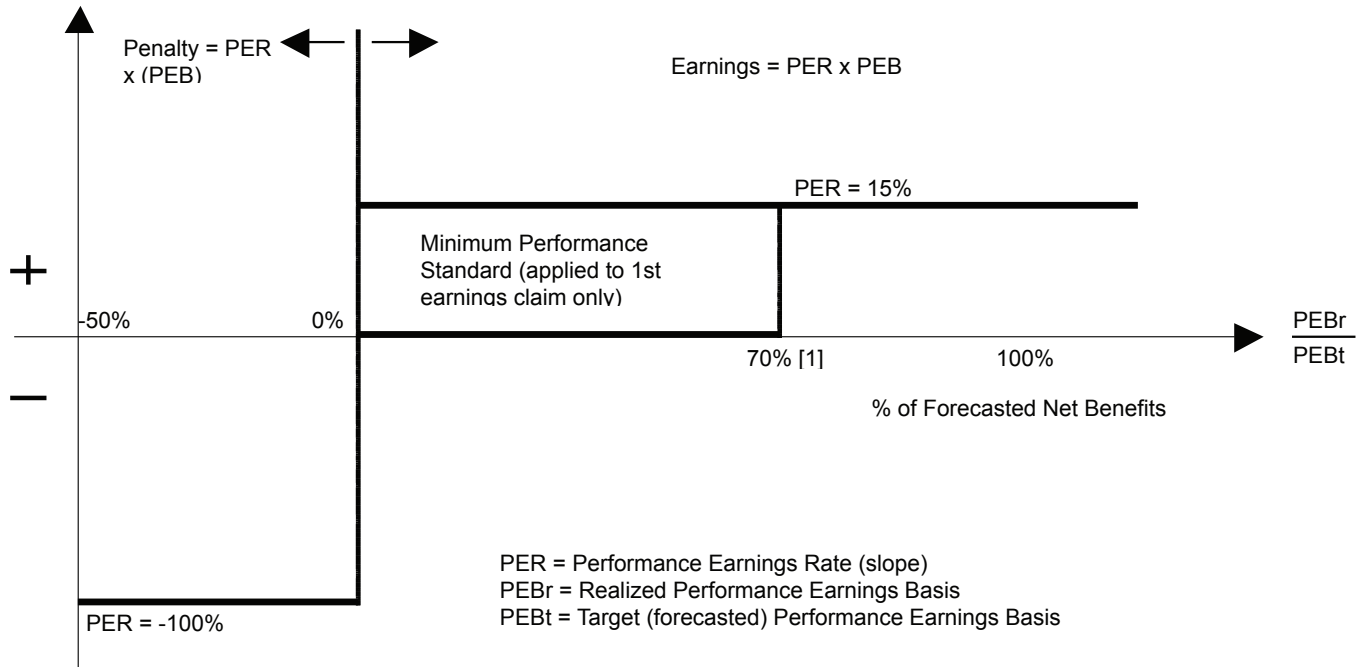


Figure 1-B Potential Earnings and Penalty Relationship



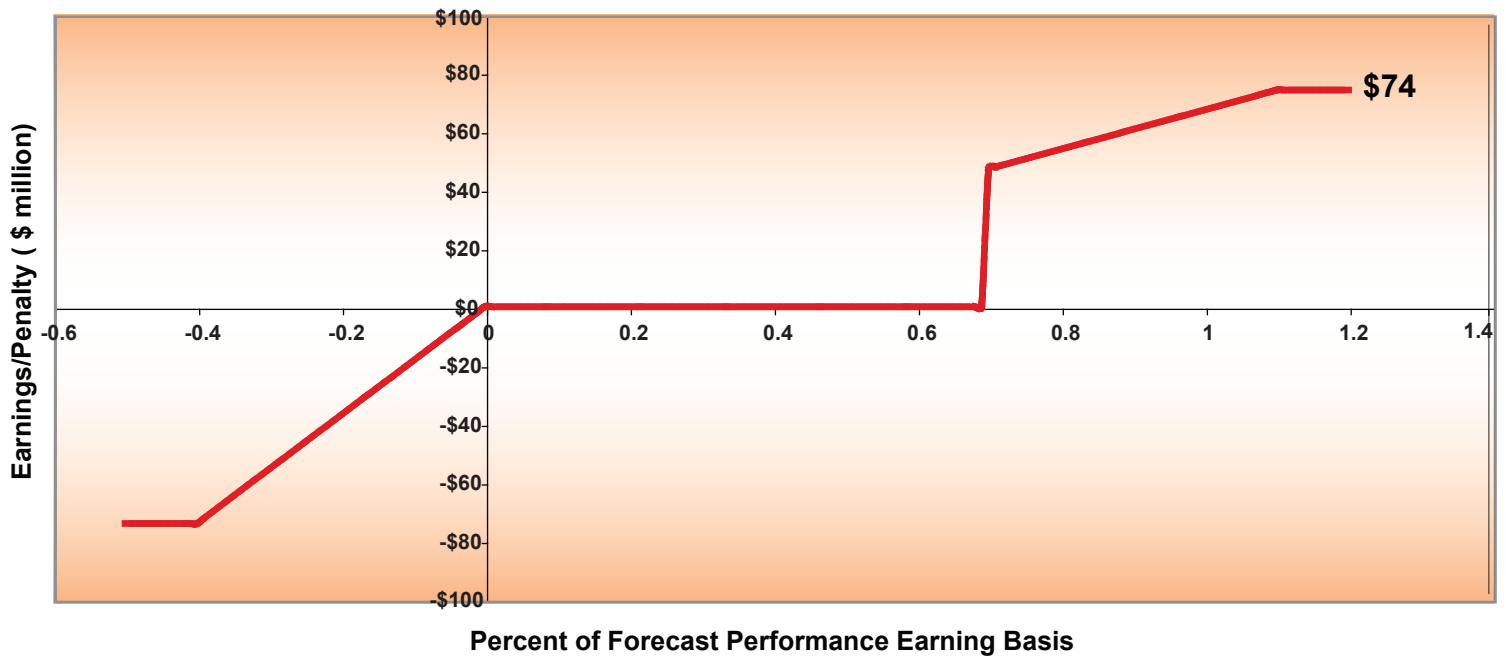
SCE PROPOSED SHAREHOLDER INCENTIVE MECHANISM

Figure 1-A Shared Savings Mechanism

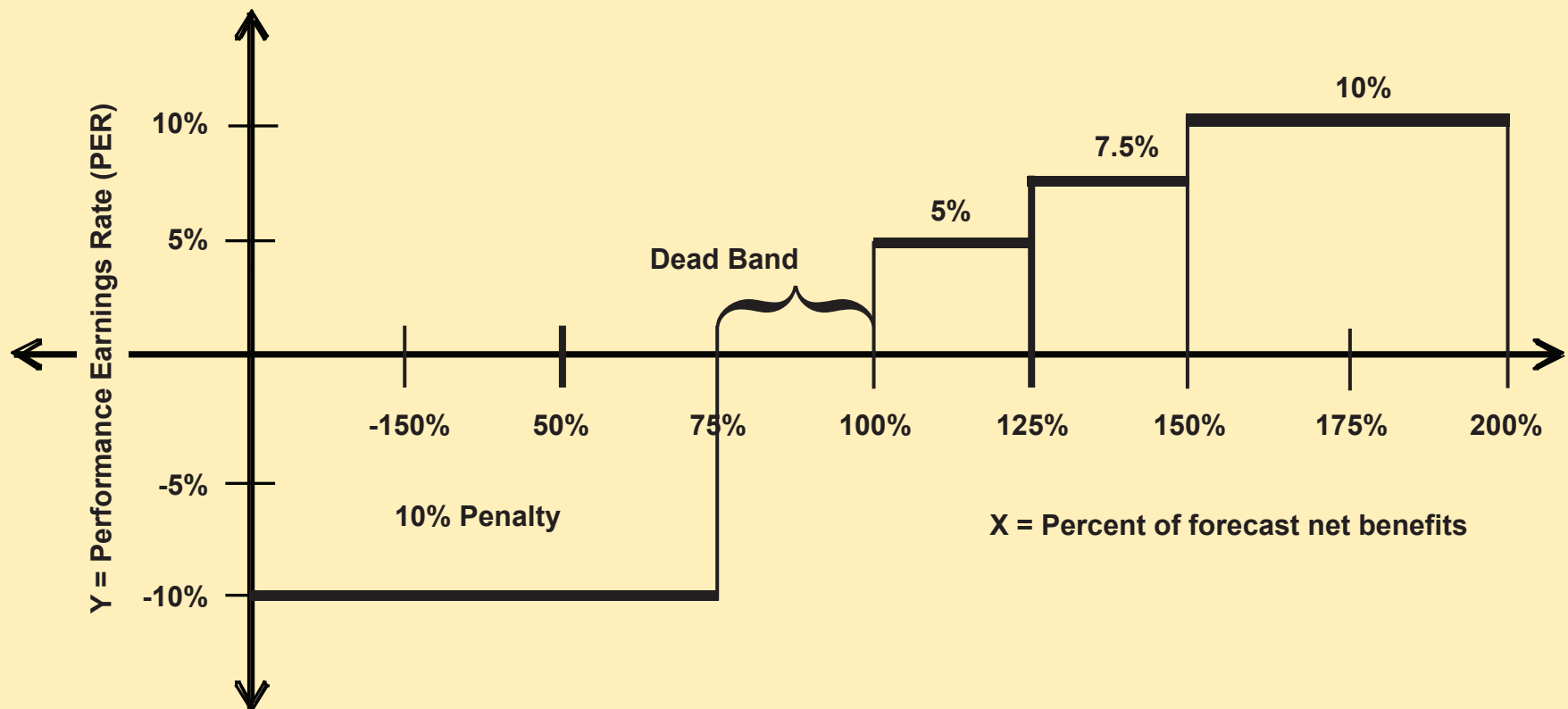


[1] Approximates SCE's proposal for an MPS of 70% of energy savings and demand reduction goals.

Figure 1-B 2008 Potential Earnings and Penalty Relationship

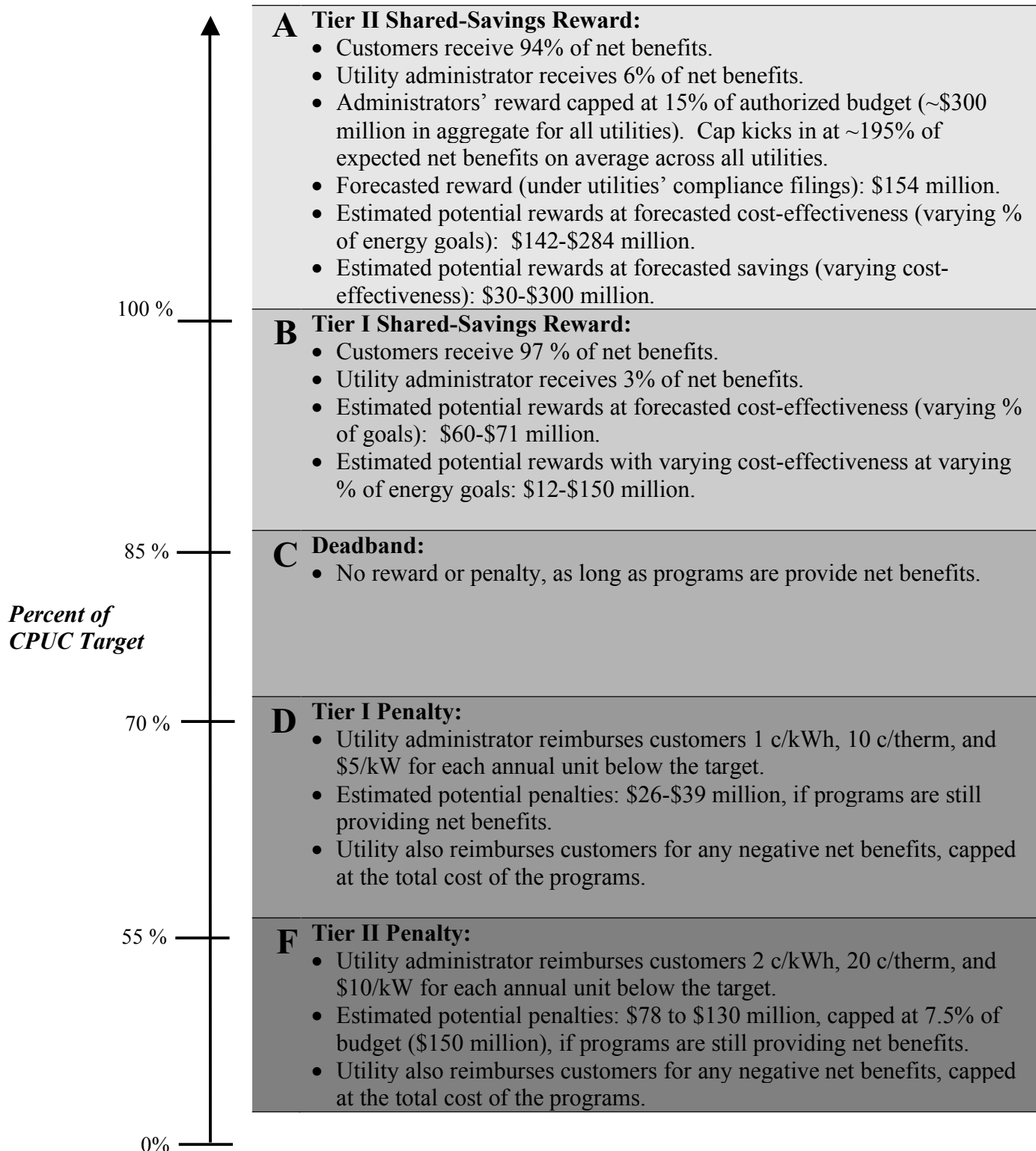


COMMUNITY ENVIRONMENTAL COUNCIL RECOMMENDED SHARED SAVINGS MECHANISM

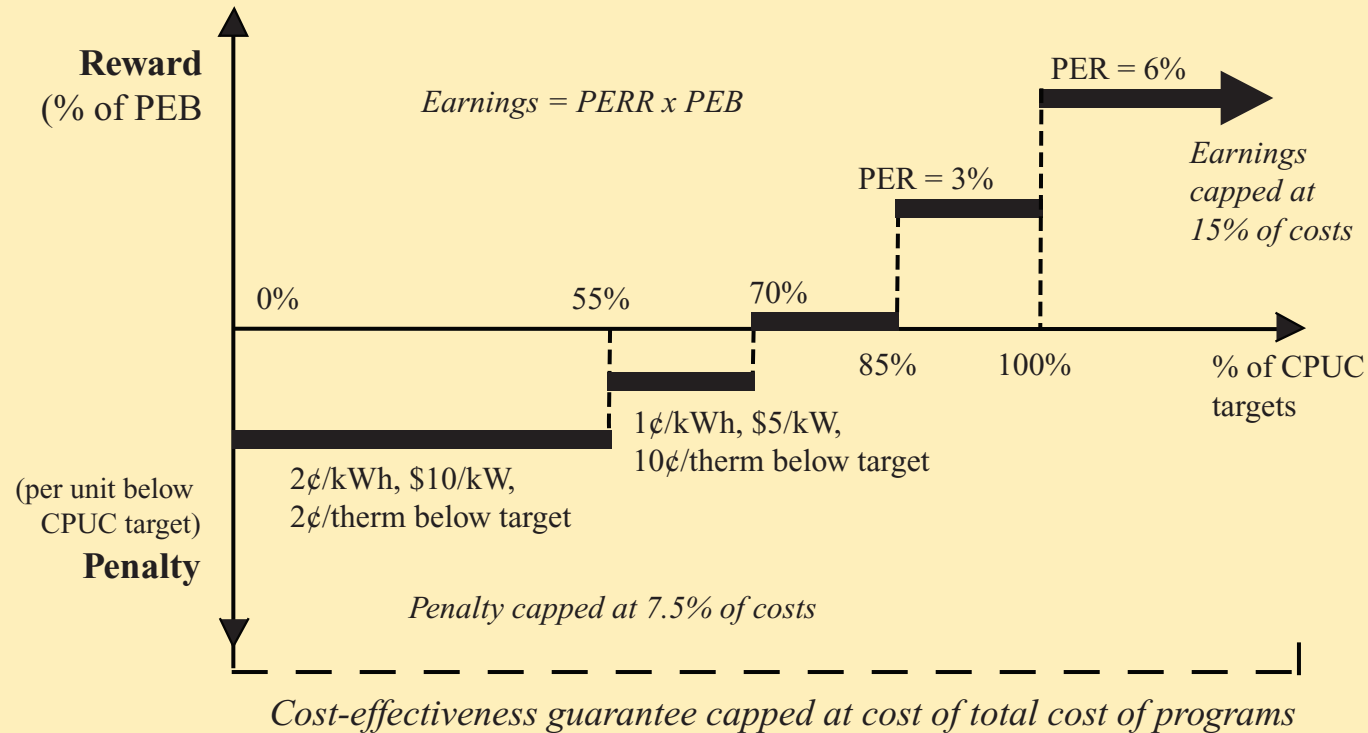


NRDC ILLUSTRATION OF PROPOSED ENERGY EFFICIENCY PERFORMANCE-INCENTIVE MECHANISM

Note: Illustrative dollar figures are for 2006-08 EE portfolios, for all utilities combined over 3 years, and for gas and electric savings combined



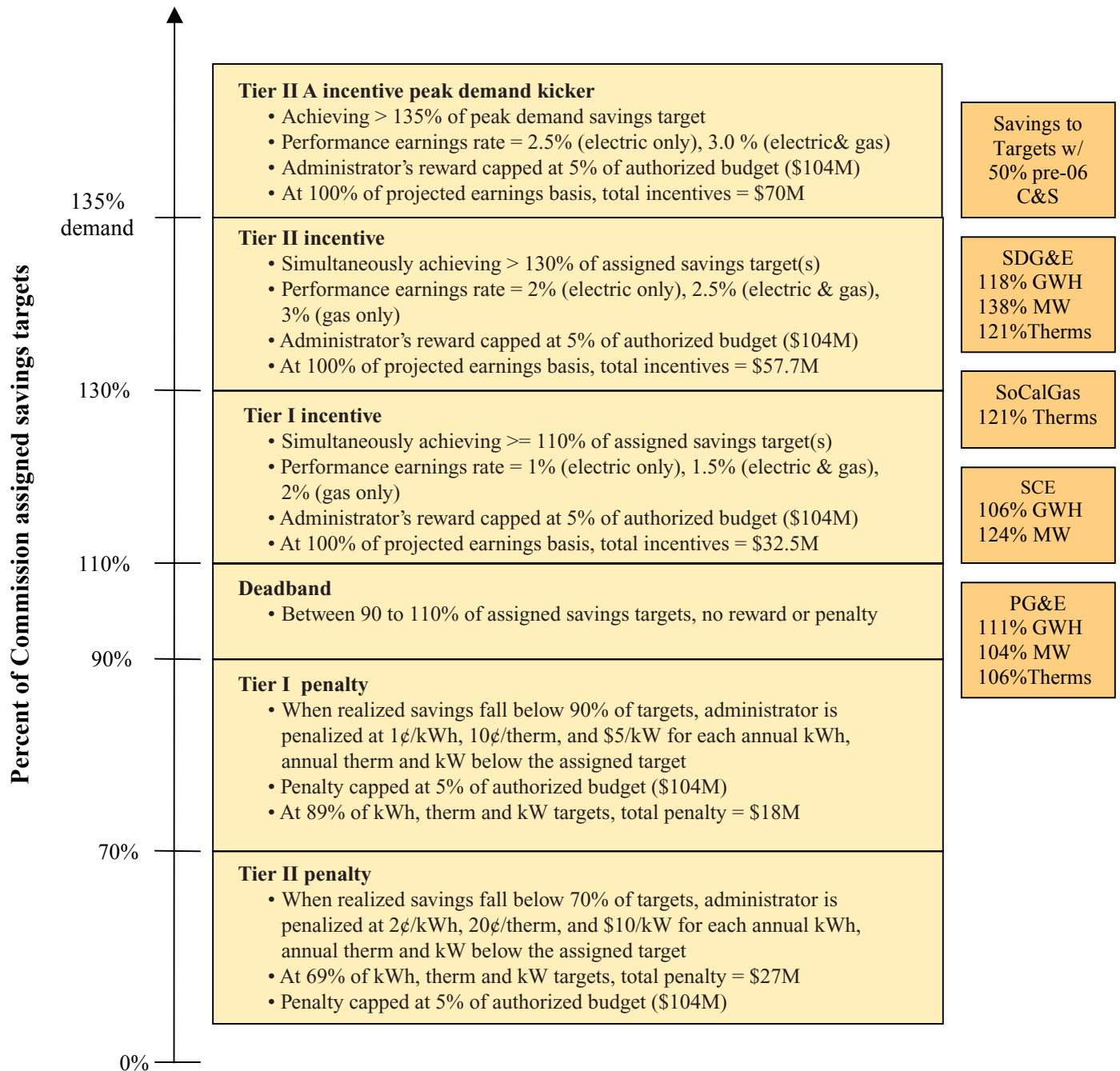
NRDC PROPOSED INCENTIVE MECHANISM EARNINGS/PENALTY CURVE



PEB = Performance Earnings Basis (net benefits¹)
 PER = Performance Earnings Rate

¹ Net benefits are defined as the weighted average of the total resource cost (TRC) test (2/3 weight) and the program administrator cost (PAC) test (1/3 weight).

ILLUSTRATION OF TURN PROPOSED ENERGY EFFICIENCY PERFORMANCE INCENTIVE MECHANISM



DRA ILLUSTRATION OF PROPOSED ENERGY EFFICIENCY PERFORMANCE-INCENTIVE MECHANISM

